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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

No. C 03-2739 MHP

MICHAEL BLACK and SVETLANA BLACK,
Plaintiffs,

ORDER OF REMAND

vs.

RELIANT TECHNOLOGIES, INC., et al.,
Defendants.

_____ /

This action was removed to this court on a notice of removal from the Superior Court of the State of California for the County of Santa Clara on federal question grounds pursuant to 28 U.S.C. sections 1331 and 1338(a). There are no allegations that removal is made on the basis of diversity. Plaintiffs have moved to remand. The court has reviewed the moving papers, the opposition and reply and heard the arguments of counsel and, for the reasons set forth below, enters the following order.

BACKGROUND

This action arises out of a contractual and employment relationship between the plaintiffs and the defendants wherein defendant Howe purported to purchase Reliant Technologies, Inc. from plaintiffs by entering into a stock purchase agreement and an employment agreement. Plaintiffs allege that defendants Howe and RTI Holdings, Inc. defrauded them and that Reliant and the other defendants violated terms of the agreements into which they had entered or were induced to enter.

1 Plaintiffs brings claims for violations of certain California Labor Code provisions, breach of contract, and
2 wrongful termination in violation of public policy. All of these claims sound in state contract and tort law
3 and state statutory violations except that among the grounds alleged for wrongful termination in violation of
4 public policy are a few federal statutory and regulatory provisions.¹ Defendants seize upon these latter
5 ones, particularly those referencing federal patent laws, to justify removal.

6
7 DISCUSSION

8 The mere fact that a federal statute or regulation may be implicated and even require some
9 interpretation is not sufficient to create a federal question and, thus, federal jurisdiction. Thus, in the context
10 of federal jurisdiction under section 1338(a) a claim in the complaint must “arise under” the patent law as
11 determined by the well-pleaded complaint rule. For the purposes of section 1338(a) the well-pleaded
12 complaint must establish either that “federal patent law creates the cause of action or that the plaintiff’s right
13 to relief necessarily depends on resolution of a substantial question of federal patent law....” Christianson v.
14 Colt Industries Operating Corp., 486 U.S. 800, 809 (1988).

15 If one of these factors is met even though the complaint makes no mention of federal patent law, federal
16 jurisdiction is invoked. Id. at n.3. For example, issues regarding infringement, inventorship, or construction
17 of the patents or patent law that may affect “some right, title or interest under the patent laws” clearly “arise
18 under” the federal patent law. Id. at 808. However, defenses that may be asserted under the patent laws
19 do not confer jurisdiction because they do not create rights or claims under those laws, even if the
20 complaint appears to anticipate such a defense. Id. at 809.

21 In this case plaintiffs mention activities and conduct with respect to the patents held by Blake and
22 then by Reliant. They even assert facts relating to the listing of co-inventors, work on various patents,
23 coercion with respect to signing patent applications, problems with patent applications and a host of other
24 allegations relating to the patents, among other documents, including the employment agreement and stock
25 option agreement. Furthermore, plaintiffs make allegations of violations of various federal penal laws and a
26 regulation governing the requirement for candor in the filing and prosecution of patent applications.

27 Defendants focus on these allegations to argue that under Christianson and its progeny the
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1 complaint invokes federal patent jurisdiction. They rely particularly on Hunter Douglas, Inc. v. Harmonic
2 Design, Inc., 153 F.3d 1318 (Fed.Cir.1998), cert.denied, 525 U.S. 1143 (1999), claiming it is most
3 similar to the case at bar. It is not. The false claims which formed the basis for an injurious falsehood cause
4 of action in Hunter Douglas involved the defendant's assertions of exclusive rights in certain patented
5 products. The court also noted that all of the claims other than one for declaratory relief, which it disposed
6 of on other grounds, required resolving questions of federal patent law.

7 The claims here are not similar to the ones in Hunter Douglas; they involve claims of
8 misrepresentations made in the procurement and execution of an employment contract, the sale of Reliant
9 and post-sale activities. They assert a variety of labor code violations, breach of contract, fraud, and
10 wrongful termination in violation of public policy. No questions of federal patent law or rights under the
11 patent law need to be resolved. The questions involve only representations allegedly made about patents,
12 pressure with respect to the handling of the patents as among plaintiffs and defendants, coercion in
13 connection with non-compete provisions and a number of other statements and events related to the
14 transactions among the parties.

15 As the Federal Circuit observed in Speedco, Inc. v. Estes, 853 F.2d 909 (Fed.Cir. 1988)(decided
16 after and citing to the Supreme Court's decision that year in Christianson), state courts often must interpret
17 and apply federal laws in deciding cases before them, but that does not give rise to federal jurisdiction. In
18 Speedco the dispute involved the "value" of the patent for which it paid and received an assignment.
19 Plaintiff sought to reform the terms of the assignment and to pay the defendant less. The court found there
20 was no federal jurisdiction.

21 In this action the facts are more convoluted and involve far more subjects of the "agreements" in
22 addition to just patents. The essence of the dispute, however, is similar to that in Speedco. The dispute is
23 based on state law that may require some reference to patents and patent law, but it does not "arise under"
24 the patent laws nor involve a substantial question of patent law. Certainly, patent law is not a necessary
25 element of any of the claims in this action.

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27 CONCLUSION

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IT IS SO ORDERED.

MARILYN HALL PATEL
Chief Judge
United States District Court
Northern District of California

ENDNOTES

1. Plaintiffs' complaint is hardly a paradigm of a short and plain statement of the case. It is sixty pages long and includes lengthy quotations and statements of evidence unnecessary to a well-pleaded complaint.